

## After the China-EU summit: reaffirming a comprehensive strategic partnership

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» On 14 February 2012, Chinese Premier Wen Jiabao hosted the China-EU summit in Beijing with European Council President Herman Van Rompuy and European Commission President Jose Manuel Barroso. The summit had been set to take place in 2011, but as in the case of the previous summit in 2008, it had been rescheduled. However, schedule change in 2011 took place for different reasons and with different implications to 2008. The 11th summit, planned for 2008, was postponed by China after French president Nicolas Sarkozy in his capacity as the rotating president of the EU announced that he would meet with the Dalai Lama after the summit. In 2011, the 14th summit was postponed by the EU because it needed to focus on dealing with the debt crisis in the Eurozone.

While 2008 marked a low point in the China-EU relationship, the summit's postponement in 2011 did not affect the partnership. In fact, the 2012 summit has injected new vitality into the deepening of the comprehensive strategic partnership formally launched in 2003 between China and the EU. The "People-to-People Dialogue" was established as a new pillar of the strategic partnership and concrete points for cooperation were outlined, covering various functional areas such as investment, urban planning and cybersecurity.

### HIGHLIGHTS

- Following a low point in 2008, the last China-EU summit has injected new confidence and momentum in their strategic partnership.
- Despite some progress, the partnership falls short of realising its potential due to the reluctance of the parties to make reciprocal concessions and bridge their differences.
- China and the EU take different approaches to their partnership, which are not incompatible but demand more mutual understanding.



## **A NEW DEPARTURE**

On the eve of the first China-EU summit in 1998, the European Commission called for the building of “a comprehensive partnership with China”, leading to “a long-term, stable and constructive partnership”. The partnership was updated to “a comprehensive partnership” in 2001 and to “a comprehensive strategic partnership” in 2003. Because of the unprecedented speed and level of engagement between China and the EU, many observers described the turn of the millennium as a “honeymoon” period and believed that the Chinese-European relationship was forming a new “axis”.

These expectations were not fulfilled. In 2008, as I personally experienced in my capacity as a “guest diplomat” seconded by China’s Ministry of Foreign Affairs to serve at China’s Mission in Brussels, the China-EU relationship reached a historic nadir. Europe reacted to the unrest in Tibet in March 2008 by publicly denouncing Beijing’s policy. The EU passed parliamentary resolutions condemning China’s actions and attempted to boycott the Beijing Olympic Games. European leaders received the Dalai Lama even in the face of Chinese warnings and opposition. These actions confirmed, from China’s standpoint, that Europe was neither ready nor able to acknowledge China’s interests and concerns. In response, the Chinese boycotted the Carrefour supermarket chain in China, called off the 11th China-EU Summit in France in December 2008 and excluded France from Chinese Premier Wen Jiabao’s tour of several European states in January/February 2009.

Public opinion on the relationship grew significantly more negative both in Europe and in China after the cancellation of the 2008 summit. According to a BBC World Service poll, Europeans’ negative views of China increased between 2008 and 2009, rising from 46 to 70 per cent in France, 50 to 68 per cent in Italy, 59 to 69 per cent in Germany and 32 to 54 per cent in Spain. At the same time, negative views towards the EU in China rose from 16 to 28 per cent. Antagonism towards France was particularly severe, with positive views dropping from 64 to 44 per cent.

It would be an overstatement to say that the China-EU relationship fully recovered after the latest summit. But the event did provide a few new inputs that promise to bring further development in the right direction.

The “People-to-People Dialogue” has been added as a new pillar of the China-EU strategic partnership. In 2008, the China-EU High Level Economic and Trade Dialogue was launched as a regular consultation between the State Council of China and the European Commission at Vice-Premier level. In 2010, the China-EU High Level Strategic Dialogue was introduced as a regular political dialogue on strategic and foreign policy issues between the Chinese State Councillor responsible for foreign affairs and the EU High Representative for foreign and security policy. In 2012, with the China-EU High Level People-to-People Dialogue, the strategic partnership has gained another dimension as well as a new stabilising platform. This Dialogue is expected to play a complementary role to the two existing pillars.



China and the EU have jointly designated 2012 as the “year of intercultural dialogue”, with the aim of promoting cultural exchanges and contacts between Chinese and European people. In this context, the High Level People-to-People Dialogue will focus on education and culture. There are also plans to establish a China-EU Higher Education Council, as well as to promote more exchanges between students and teaching faculties.

Creating a China-EU investment agreement is a top priority. Against the backdrop of the global financial crisis, the two sides agreed to continue their fight against trade and investment protectionism. China and the EU agreed at the Beijing Summit that “an EU-China investment agreement rich in substance” would promote and facilitate

investment in both directions. Leaders agreed to work towards the start of negotiations on this as soon as possible.

Growing trade relations have for a long time bound China and the EU together and served as a solid foundation for their strategic partnership. Since 2004, the EU has been China’s

largest trading partner and biggest export market, and China is close to becoming the EU’s largest trading partner. Bilateral trade volumes rose from €326 billion in 2008 to €460 billion in 2011. Last year, this accounted for 13.3 per cent of the EU’s total trade with the world, slightly less than its share of trade with the US at 13.8 per

cent. It makes up 17 per cent of China’s total trade, higher than China’s share of trade with the US at 13.6 per cent. China and the EU also enjoy growing two-way foreign direct investment. China’s investment in the EU reached €900 million in 2010 and EU investment in China amounted to €4.9 billion. The planned agreement on bilateral investment could help both sides increase the benefit they gain from their bilateral economic and trade relationship.

Urbanisation and cybersecurity have been identified as two potential new areas for mutual cooperation. China’s Twelfth Five-Year Plan and the Europe 2020 Strategy share a number of policy goals, including in those two areas. This conjunction of priorities offers an opportunity that both sides are determined to exploit. At the summit, leaders decided to set up a “partnership on urbanisation”, which aims to promote exchanges and cooperation on a wide range of issues surrounding sustainable urban development. A first forum will be held this year for Chinese and European mayors to discuss energy, air and water quality, waste management, transport and the urban integration of migrant populations. China and the EU have established a Cyber Taskforce to deal with the increasingly important issue of cybersecurity. Its mission is to address common cyber threats through enhanced bilateral exchanges and cooperation. It will also promote and develop technologies related to information and communication security, with a view to fostering economic and social development. China and Europe have distinctly different assessments of and approaches to cybersecurity. But even so, this policy area holds considerable potential for further cooperation.

## China and the EU have a long way to go before setting a good example for international cooperation



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**POTENTIAL NOT YET REALISED**

The summit sent a clear message that China and the EU are working together to strengthen their strategic partnership through new initiatives. Chinese President Hu Jintao praised the summit's success. He said that China expects enhanced political and strategic dialogues with the EU to address major concerns and sensitive issues, deepen cooperation and expand common ground in a way that adds to the progress of the bilateral comprehensive strategic partnership. European Council President Van Rompuy shared with Chinese Premier Wen a "common determination" to move the China-EU relationship forward and make their strategic partnership a "key element for the global architecture". President Barroso argued that "a forward-looking and growing EU-China partnership can represent an important pillar for global stability and prosperity".

But it remains to be seen whether the various recent initiatives will broaden and deepen the bilateral relationship as expected. The fact is that the summit delivered more commitments than substance. The real potential of the China-EU strategic partnership has yet to fully materialise.

The road ahead in implementing new initiatives is bumpy. Enhancing mutual understanding between the Chinese and European peoples is not a choice but a necessity. But it is not yet clear how the High Level People-to-People Dialogue can be made effective in removing deep-seated mutual misgivings. Given their different historical, cultural and social backgrounds, improving mutual public perceptions

between Chinese and Europeans will be easier said than done.

It will also take time to negotiate the investment agreement. With investment protectionism in the aftermath of the 2008 global financial crisis still lingering, neither China nor the EU are prepared to make the necessary concessions. The prolonged negotiations on the Partnership and Cooperation Agreement (PCA) between China and the EU suggests that expectations of rapid progress in this area may not be met. It is always easier to agree guiding principles than to reach concrete deals on specific issues. Almost immediately after the summit, China and the EU locked horns in the controversy over Europe's decision to put a carbon tax on all incoming flights, which Beijing strongly opposed as a unilateral and biased move. And China will soon have to defend itself in the WTO against the charges brought by the EU together with the US and Japan over its export policy on rare earths.

The summit failed to bring a breakthrough on the issue of China's full Market Economy Status (MES). Despite Europe's gesture of openness towards China, which China had wanted for a long time, the final statement only stressed that particular importance should be given to the resolution of the MES issue "in a swift and comprehensive way". The statement made no practical suggestions for how this could be done before China automatically gets MES status in 2016 under the WTO protocol. The summit marked the first time ever that the MES issue was mentioned in the joint press communiqué and President Van Rompuy expressed a "strong political will" towards dealing with it. But the MES remains a major



stumbling block towards the development of a truly strategic partnership. Another major obstacle, from China's viewpoint, is the long and troubling controversy about the arms embargo imposed by Europe on China since 1989.

No deal was reached on China offering a much-needed helping hand in solving the Eurozone's debt crisis. The EU stressed that the Eurozone leaders are fully committed to solving the current crisis. And China promised to play a bigger part in resolving the European sovereign debt issue, notably by contributing to global efforts to back the Eurozone. But China's promises appear contingent on corresponding guarantees from the EU, which the EU is reluctant to make.

A strategic partnership means that China and the EU need each other in order to achieve their respective strategic goals. Their goals need not necessarily coincide but they cover considerable common ground. China and the EU expressed their willingness to take a positive view of each other's development and to provide support where needed. China reaffirmed its continued support for the EU integration process, while the EU restated its support for China's peaceful development and its respect for China's sovereignty and territorial integrity.

Behind this rhetoric, however, lies the fact that neither China nor the EU appear ready to give away concessions that could be used as leverage. Both sides seem more willing to focus on what they can gain from each other than on what they can offer in exchange. This goes some way towards explaining why bilateral relations have experienced such ups and downs, from high expectations

to great disappointments, especially in the past few years.

Without mutual trust and support, China and the EU will not be able to explore the full potential of their strategic cooperation. China and the EU have a long way to go before setting "a good example for international cooperation in the 21st century", as stated in the Joint Press Communiqué.

This divergence is even more evident at the multilateral level. China and the EU do not act as strategic partners where international security issues are concerned. The parties share a range of common security challenges. They generally agree on the overarching objective of maintaining global peace and stability. In a few concrete instances, such as Iran and counter-piracy, the two sides have been cooperating to some extent. China and the EU have served as key pillars of multilateral diplomatic negotiations that leave the door open for a peaceful solution of the Iranian nuclear question. In anti-piracy efforts, China and the EU have supported each other by sharing information and experience. But in these and other cases, China and the EU share more in terms of ends than in terms of means.

While China promotes the principle of state sovereignty and non-interference, Europe emphasises economic sanctions, the responsibility to protect and humanitarian intervention. These differing outlooks make it complicated to reach agreement on how best to approach regional and global security issues such as revolutions in North Africa, Syria, the Middle East, the Korean Peninsula and Burma/Myanmar. In particular, China's principle of non-interference clashes with Europe's



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emphasis on humanitarian intervention and responsibility to protect, as seen in the concrete cases of Libya and Syria.

#### **CONCLUSION: ONE PARTNERSHIP, TWO APPROACHES**

The China-EU strategic partnership, frequently evoked in many official documents and statements, is a concept with different interpretations. China and the EU have different understandings of what really makes them partners and of what makes that partnership strategic and comprehensive. China emphasises the general, overall and long-term framework that could keep bilateral relations stable and healthy, while the EU stresses substance and concrete results over vague principles and nominal definitions.

The result is one partnership with two approaches. China tends to follow a top-

down approach, first settling the guiding principles for the strategic partnership and then dealing with various bilateral and multilateral issues under these guidelines. The EU, on the other hand, prefers a bottom-up approach, stressing the importance of specific and substantial cooperation as the foundation of an overall strategic partnership. These two approaches are not necessarily incompatible. To make the China-EU strategic partnership more beneficial, both sides should learn to appreciate each other's respective approaches. The relationship is in great need of a real and substantive meeting of minds.

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